



Independent assurance report on the expenditure forecast to the Rosebud residents of Baptist Village Baxter Limited

Scope

We have been engaged to report on the attached Rosebud Independent Living Units Anticipated Expenditure Forecast (the expenditure forecast or forecast) of Baptist Village Baxter Limited (the company) for the year ending 30 June 2024. As agreed in our engagement letter dated 18 May 2021, this report is prepared solely for distribution to the Rosebud residents of the Independent Living Units of the company (the Rosebud residents). The basis of preparation of the forecast is recognition and measurement principles contained in Australian Accounting Standards to the extent applicable to the forecast, for the purposes of complying with clause 34(3) of the *Retirement Villages Act 1986* (stated basis of preparation).

Director's responsibility

The directors are responsible for the preparation and presentation of the forecast for the year ending 30 June 2024 and the information contained therein, including the best-estimate assumptions on which the forecast is based. This includes responsibility for such internal controls as directors determine are necessary to enable the preparation of a forecast that is free from material misstatement, whether due to fraud or error.

Our responsibility

We have conducted an independent limited assurance of the forecast in order to express a limited assurance conclusion on the forecast, best-estimate assumptions underlying the forecast, whether the forecast is prepared based on those assumptions and the stated basis of preparation noted above and the reasonableness of the forecast itself, based on our work. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance engagement consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It is substantially less in scope than a reasonable assurance engagement (audit) conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

There is a considerable degree of subjective judgement involved in preparing a forecast since it relates to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

Directors' best-estimate assumptions on which the forecast is based relate to future events and transactions that directors expect to occur and actions that directors expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the company. Evidence may be available to support directors' best-estimate assumptions on which the forecast is based; however such evidence is generally future-oriented and therefore speculative in nature.

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Independent assurance report on the expenditure forecast to the Rosebud residents of Baptist Village Baxter Limited (continued)

We are therefore not in a position to obtain the level of assurance necessary to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly provide a lesser level of assurance on the reasonableness of directors' best-estimate assumptions. The limited assurance conclusion expressed below in this assurance report has been formed on the above basis.

Readers of the forecast should be aware of the material risks and uncertainties in relation to the inherent uncertainty relating to the forecast. Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecast will be achieved.

The forecast has been prepared by the directors for the purposes of complying with clause 34(3) of the *Retirement Villages Act 1986*. We disclaim any assumption of responsibility for any reliance on this report, or on the forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management and directors of the company that all material information concerning the prospects and proposed operations of the company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Limited Assurance Conclusion

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

- a) director's best-estimate assumptions do not provide reasonable grounds for the preparation of the Rosebud Independent Living Units Anticipated Expenditure Forecast of Baptist Village Baxter Limited for the year ending 30 June 2024; and
- b) in all material respects, the forecast:
 - is not prepared on the basis of director's best-estimate assumptions; and
 - is not presented fairly in accordance with the above stated basis of preparation, being recognition and measurement principles contained in Australian Accounting Standards to the extent applicable to the forecast, for the purposes of complying with clause 34(3) of the *Retirement Villages Act 1986*; and
- c) the forecast itself is unreasonable.



Independent assurance report on the expenditure forecast to the Rosebud residents of Baptist Village Baxter Limited (continued)

Reliance on this report

The forecast has been prepared for distribution to the Rosebud residents for the purpose of fulfilling the financial reporting obligations of the directors in compliance with clause 34(3) of the *Retirement Villages Act 1986*. We disclaim any assumption of responsibility for any reliance on this report or on the forecast to which it relates to any person other than to the company and the Rosebud residents or for any purpose other than that for which it was prepared.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written over a light blue horizontal line.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Paul Lewis', written over a light blue horizontal line.

Paul Lewis
Partner

Melbourne
29 August 2023

**Baptist Village Baxter Limited
Rosebud Independent Living Units**

Statement of Income and Expenditure for the year ended 30th June 2023

	Actual \$	Budget \$	\$ per week per unit
INCOME			
Resident Service Fees	646,559	646,272	
Other Income	103,996	114,041	
Total Income	750,555	760,313	
EXPENDITURE			
Salaries-Dedicated			
Nursing Agency Salaries	27,908	7,819	5.11
Village Nurses	49,686	55,178	9.10
Administration	103,192	87,372	18.90
Maintenance Staff	118,245	125,260	21.66
	299,031	275,629	54.77
Overheads	77,475	72,725	14.19
	376,506	348,354	68.96
Expenses			
General Expenses	60,763	56,018	11.13
Insurances	21,845	18,996	4.00
Rates	136,038	129,540	24.92
Domestic Supplies	15,444	17,585	2.83
Fuel & Power	88,834	78,453	16.27
Repairs & Maintenance	47,885	52,419	8.77
Administration Allocation	36,996	35,004	6.78
	407,805	388,015	74.69
Total Expenditure	784,311	736,369	143.65
Operating Profit/(Loss)	- 33,756	23,944	- 6.18

Note 1

This statement has been prepared under the historical cost convention
The statement has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards to the extent applicable to the statement, for the purposes of complying with clause 34(3) of the Retirement Villages Act 1986.

**Baptist Village Baxter Limited
Rosebud Independent Living Units**

Anticipated Expenditure 01/07/2023 - 30/06/2024
(Based on 105 units)

	<u>\$</u>	<u>\$ per week per unit</u>
<u>Salaries - Dedicated</u>		
Nursing Agency	3,600	0.66
Village Nurses	58,550	10.72
Administration	84,485	15.47
Maintenance Staff	<u>154,500</u>	<u>28.30</u>
	301,135	55.15
Overheads	<u>71,821</u>	<u>13.15</u>
	<u>372,956</u>	<u>68.31</u>
 <u>Expenses</u>		
General Expenses	59,564	10.91
Insurances	37,880	6.94
Rates	127,039	23.27
Domestic Supplies	15,978	2.93
Fuel & Power	84,932	15.56
Repairs & Maintenance	46,156	8.45
Administration Allocation	<u>39,188</u>	<u>7.18</u>
	<u>410,737</u>	<u>75.23</u>
 Total Expenditure	 <u><u>783,693</u></u>	 <u><u>143.53</u></u>



Independent auditor's report

To the Rosebud residents of Baptist Village Baxter Limited

Our opinion

We have audited the accompanying Rosebud Statement of Income and Expenditure, including Note 1 (the Statement) of Baptist Village Baxter Limited's (the Company) Independent Living Units for the year ended 30 June 2023. In our opinion, the Statement presents fairly, in all material respects, the financial performance of the Baptist Village Baxter Limited's Independent Living Units for the year ended 30 June 2023 in accordance with the recognition and measurement principles of Australian Accounting Standards to the extent applicable to the Statement, as disclosed in Note 1.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Statement* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Statement in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement has been prepared to assist the directors to meet the requirements of clause 34(3) of the Retirement Villages Act 1986. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Rosebud residents of the Independent Living Units owned by Baptist Village Baxter Limited and should not be distributed to or used by any other parties. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the Statement

The directors of the Company are responsible for the preparation and fair presentation of the Statement in accordance with the basis of preparation described in Note 1 for the purpose of complying with clause 34(3) of the *Retirement Villages Act 1986*, and for such internal control as the directors determine is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

In preparing the Statement, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Independent auditor's report (continued)

Auditor's responsibilities for the audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the Statement, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concludes on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.



PricewaterhouseCoopers



Paul Lewis
Partner

Melbourne
29 August 2023